

Message Text

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PAGE 01 SANA 01541 020604Z
ACTION NEA-10

INFO OCT-01 AF-10 ISO-00 CIAE-00 DODE-00 PM-05 H-01
INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15
ICA-11 AID-05 COME-00 EB-08 FRB-03 TRSE-00 XMB-02
OPIC-03 LAB-04 SIL-01 OMB-01 DOE-15 SOE-02 ACDA-12
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-----080831 020613Z /20

R 011335Z APR 78
FM AMEMBASSY SANA
TO SECSTATE WASHDC 4308
INFO AMEMBASSY JIDDA
AMEMBASSY AMMAN
AMEMBASSY BEIRUT
AMEMBASSY KHARTOUM
AMEMBASSY CAIRO
AMEMBASSY KUWAIT
AMEMBASSY MANAMA
AMEMBASSY ABU DHABI
AMEMBASSY MUSCAT

C O N F I D E N T I A L SANA 1541

E.O. 11652: GDS
TAGS: EAID, PEPR, SA, YE
SUBJECT: SAUDI AID TO YEMEN

REF: JIDDA 2188 NOTAL

BEGIN SUMMARY: SAUDIS CONTINUE TO MAKE NEW AID COMMIT-
MENTS TO YEMEN BUT MOST IMPRESSIVE ASPECT THEIR ASSISTANCE
IS STEADILY MOUNTING DISBURSEMENT CURVE IN ALL FIELDS.
YEMENIS APPEAR TO BE VERY HAPPY. END SUMMARY.

1. WE HAVE DELAYED COMMENTING ON 4TH MEETING OF SAUDI-
YEMENI JOINT COORDINATION COUNCIL UNTIL WE COULD CONTACT
SOME OF YEMENI MEMBERS HERE IN SANA. FOREIGN MINISTER
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PAGE 02 SANA 01541 020604Z

AL-ASNAJ STILL UNAVAILABLE BUT BOTH AL-IRYANI AND AL-ARIKI
HAVE PASSED ON THEIR REMARKS INDICATING CONSIDERABLE
SATISFACTION AT NEW SAUDI AID PROMISES AND APPARENT EAR-
NESTNESS WITH WHICH THEY PROSECUTE OLD PROMISES.

2. REVIEW OF ALL PROJECTS IN ALL FIELDS WAS ISSUED BY
SAUDIS AND YEMENIS IN JOINT STATEMENT WHICH CONTAINED

IN REFTTEL.

3. IMPORTANT THING TO REMEMBER ABOUT SAUDI PROJECT AID IS THAT IN 1976 IT PROVIDED ONLY ABOUT \$20 MILLION IN DISBURSEMENTS. SAUDIS AND YEMENIS HAVE BEEN SLOW TO PREPARE PLANS WHICH WERE NECESSARY IF FOREIGN COMPANIES WERE GOING TO PROSECUTE LARGE PROJECTS. BASED ON WHAT WE KNOW OF SAUDI PROJECTS AT THAT TIME. ABD AL-KARIM AL-IRYANI ESTIMATED THAT DISBURSEMENTS MIGHT RISE TO \$150 MILLION LEVEL BY 1978. ACCORDING TO OUR ROUGHT ESTIMATES, THAT IS EXACTLY WHAT HAS HAPPEDNED AND UNLESS WE ARE WRONG, PROJECT DISBURSEMENTS WILL INCREASE AGAIN NEXT YEAR AND MAY RUN AT ABOUT \$200 MILLION LEVEL FOR FORESEEABLE FUTURE.

4. PROJECT AID, AS MENTIONED HERE, IS DISTINCT FROM BUDGET SUPPORT WHICH IS AME THIS YEAR AS LAST, 365 MILLION SAUDICHIY LS. DOLLAR AMOUNT OF THIS SUM IS SOMEWHAT LARGER THIS YEAR THAN LAST DUE TO SLIGHT APPRECIATION RIYAL AND AMOUNTS NOW TO ABOUT \$100 MILLION. PROJECT AID IS ALSO DISTINCT FROM MILITARY AID AND LARGE BUT UNCERTAIN AMOUNT WHICH SAUDIS POUR INTO POCKETS OF SHAYKHS, ARMY OFFICERS, POLITICIANS AND OTHER WORTHY CAUSES IN YEMEN. WE DOUBT THAT SAUDIS KNOW HOW MUCH THEY SPEND IN ALL IN YEMEN.

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PAGE 03 SANA 01541 020604Z

5. SAUDI PROGRAM FOR EDUCATION IN YEMEN CONSISTS OF 79 DISTINCT PROJECTS, MOSTLY SCHOOL BUILDINGS, WHICH WILL COST AT LEAST \$40 MILLION. IN ADDITION, THEY HAVE DRAMATICALLY INCREASED NUMBER OF TEACHERS THIS YEAR TO ALMOST 1,000. THESE TEACHERS WILL PROVIDE ALL OF YEMEN'S GROWING SECONDARY NEEDS AND MAY OF ITS NEEDS ON INTERMEDIATE LEVELS AND IN SPECIALIZED SCHOOLS. HEALTH PROGRAM IN YEMEN IS AGAIN ABOUT \$50 MILLION IN COST WITH NOTHING NEW PROMISED IN LAST MEETING. BY WAY OF COMPENSATION, YEMENIS CAN PERHAPS TAKE SATISFACTION IN FACT THAT SAUDIS HAVE PROMISED TO BUILD SOME FIVE NEW MOSQUES. WE FIGURE MOSQUE PROGRAM IS \$10 MILLION OVERALL. COMMUNICATIONS PROGRAM IS BY FAR THE BIGGEST, WITH ROAD BUILDING LIKELY TO TAKE OVER \$300 MILLION IN NEXT TWO YEARS. WELL DRILLING CONTINUES AS IN PAST; IT'S A \$15 MILLION PROGRAM. AIRPORT DEVELOPMENT IS AGAIN OF UNCERTAIN SIZE BUT LIKELY TO COST THE SAUDIS \$85 MILLION OVERALL. MINISTRY OF JUSTICE PROGRAMS WHICH CONSIST LARGELY OF SOME NEW RELIGIOUS INSTITUTES, WILL RUN ABOUT \$10 MILLION. BIG CHANGE FOR 1978 COMES IN CATEGORY OF ASSISTANCE AND LOANS. SINCE SAUDIS HAVE BOUGHT INTO \$26 MILLION ELECTRIC POWER PROJECT (SECOND PHASE) AND \$30

MILLION TAIZ WATER AND SEWERAGE PROJECT.

6. WHEN WE TRY TO COME UP WITH ROUGHT GUESSES OF WHAT IS ACTUALLY GOING TO BE SPENT IN THIS YEAR IN ALL OF THESE FIELDS, AND ADD TO IT SIMILAR CALCULATIONS FOR MILITARY EXPENSES, BUDGET SUPPORT AND POLITICAL PAYOFFS, WE FIGURE SAUDIS ARE PROBABLY PUTTING IN SOMETHING OVER \$300 MILLION THIS YEAR. SUM COULD EASILY RISE TO \$400 MILLION A YEAR WITH EXPECTED CHANGES IN MILITARY PROGRAMS. SCOTES

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